

Testimony to the Taxation Committee on House Bill 19
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Mr. Chairman and members of the committee:

Good morning! My name is Chad Sigafoos. I am here as a concerned citizen. I am by and large a proponent of the proposed changes that House Bill 19 puts forth.

- I like the proposed ability of the department to waive a maximum of \$500.00 in interest, rather than the current \$100.00 maximum. I think it is quite fair when a taxpayer can show reasonable cause for late payment of taxes.
- I think the proposed idea of using a percentage of the tax due to calculate a late filing fee will be good motivation for taxpayers of all income levels to file timely.
- Likewise, I think using a percentage of the tax due, to calculate the additional penalty assessed when someone fails to file a return or report within 60 days of receiving written notice from the department, is a much more appropriate and workable penalty than what the law currently states.

However, I would like to suggest a small amendment to the additional penalty section I just mentioned (currently 15-1-216(3); would become 15-1-216(4) under current proposal). It is my assumption that the additional penalty assessed is very often going to be based on an estimated tax liability. If the person or company owing the return were to file after the 60 days, after the department's estimate, and that return were to show no tax due, would the penalty then go to \$0? Or would the originally calculated penalty remain in effect?

To me it doesn't seem fair that it should revise to zero. I suggest that there should be a minimum penalty. I assume that the majority of taxpayers do not need prompting from the department, or an estimated tax liability, to motivate them to fulfill their filing responsibility. The persons that require this type of prompting from the department should bear most, if not all, of the costs of the extra time and effort that has to put in to getting them to file, not the individuals and companies who meet their filing responsibility as they should.

I do not know what the cost is to bring in a single delinquent return. I believe a fair amount of work is involved: the department has to gather the data necessary to determine whether someone meets a filing requirement, make an effort to correspond with them, and ultimately create an estimated liability. Perhaps \$200.00 would be a reasonable minimum penalty?

Thank you very much for your time.